



**RBA  
CITY OF AUSTIN  
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 3  
AGENDA DATE 4 10 08  
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**SUBJECT** Authorize the negotiation and execution of an amendment to the Rental Housing Development Assistance Program Loan Agreement with the GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION, Austin, Texas, in compliance with applicable federal regulations and performance goals, by increasing the loan amount by \$445,000 for a total loan amount not to exceed \$2,138,239, for the development of a 22-unit affordable rental housing facility for low- and moderate-income families at 813 East Eighth Street, Austin, Texas

**AMOUNT & SOURCE OF FUNDING:** Funding is available in the Fiscal Year 2007-2008 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program. It is anticipated that loan proceeds will consist of HOME Investment Partnership Act Funds

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING  
DEPARTMENT:** Austin Housing Finance Corporation

**DIRECTOR'S  
AUTHORIZATION.**\_\_

**FOR MORE INFORMATION CONTACT.** Margaret Shaw, Austin Housing Finance Corporation, 974-3184

**PRIOR COUNCIL ACTION:** N/A

**PRIOR BOARD ACTION** The Austin Housing Finance Corporation Board authorized \$500,000 on June 8, 2006 by AHFC Motion No. 20060608-AHFC004, \$500,000 on April 5, 2007 by AHFC Motion No. 20070405-AHFC002, and \$693,239 on June 7, 2007 by AHFC Motion No. 20070607-AHFC005

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Rental Housing Development Assistance (RHDA) Program funding totaling \$1.7 million was authorized by the Board of Directors of the Austin Housing Finance Corporation (AHFC) in 2006 and 2007 to assist the Guadalupe Neighborhood Development Corporation (GNDC), or its affiliate, in constructing La Vista de Guadalupe, a 22-unit affordable rental housing facility for low- and moderate-income families at 813 East Eighth Street. RHDA Program funds previously approved enabled GNDC to secure significant funding from other sources including \$3.1 million in Low-Income Housing Tax Credits (LIHTCs) from the Texas Department of Housing and Community Affairs (TDHCA) and \$325,000 in private financing as a permanent mortgage from Wells Fargo Bank.

Since funding, the project costs have risen due to increases in the costs of construction and materials. Additionally, in mid-2007, the existing water-utility line was deemed insufficient in

size and had to be upgraded to meet the anticipated long-term needs of the facility. It is recommended, therefore, that the Board authorize an amendment to the RHDA Program loan previously executed to increase the loan by \$445,000 for a total loan amount not to exceed \$2,138,239 for the completion of the project.

The La Vista de Guadalupe complex will consist of a total of 56,188 square feet, including six one-bedroom/one-bath units, eight two-bedroom/one bath units, and eight three-bedroom/two bath units. The development includes a parking garage measuring 13,604 square feet with an elevator for access to the residential floors. Other amenities include a washer and dryer in each apartment, common living and recreation areas, and management offices.

The complex will serve families with yearly incomes not to exceed 60 percent of the Austin area's Median Family Income (MFI - currently \$42,650 for a family of four), including 18 units for families with yearly incomes not to exceed 50 percent of MFI (currently \$35,550 for a family of four) of which three units will serve families with yearly income not to exceed 30 percent of MFI (currently \$21,350 for a family of four). Monthly rents will range from \$300 to \$400 for one-bedroom units, \$345 to \$475 for two-bedroom units, and \$575 to \$650 for three-bedroom units. Rents plus tenant-paid utilities will not exceed 30 percent of a household's monthly income, and families with Housing Choice Vouchers (Section 8) will be accepted. Three units will be made accessible for persons with impaired mobility and one unit will be accessible for persons with hearing and vision disabilities. The project will be developed in accordance with applicable environmental review and federal fund release requirements and S M A R T Housing™ standards.

The RHDA program provides federal and non-federal assistance as gap financing for the development of affordable rental housing for low- and moderate-income families and persons with special needs. Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses</u>	
TDHCA LIHTCs	\$ 3,126,787	Predevelopment	\$ 116,000
Private financing	325,000	Land	351,000
Federal Home Loan Bank	220,000	Construction	4,465,000
Owner equity	250,000	Soft/carrying costs	644,000
Developer note	305,974	Developer fee	650,000
RHDA HOME (previous)	1,693,239	Other/contingency	<u>140,000</u>
RHDA HOME (current)	<u>445,000</u>	<b>Total</b>	<b>\$ 6,366,000</b>
<b>Total</b>	<b>\$ 6,366,000</b>		

Performance measures associated with the project are as follows:

- Develop 22 units of affordable rental housing for low- and moderate-income families
- Ensure three units are made accessible for persons with mobility disabilities, and one unit is accessible for persons with hearing and vision disabilities
- Complete the project in accordance with S M A R T Housing™ standards

GNDC is a non-profit 501(c)(3) organization and is certified by the City of Austin as a Community Housing Development Organization (CHDO). GNDC was established in 1981.

to provide affordable housing to low and moderate-income families in the Guadalupe neighborhood. GNDC has developed 127 units of affordable housing, including 45 units of rental housing.

Following Board approval and execution of the loan amendment, the loan, as amended, will remain as a deferred-payment forgivable loan for a term of 99 years at zero percent interest, or such other terms as determined necessary and appropriate to finance the project. Principal and interest will be forgiven at the end of the 99-year loan period contingent upon GNDC, or its affiliate, meeting the conditions of the loan agreement.

The requested funding is available in the AHFC Fiscal Year 2007-2008 budget allocation and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.